

Comstock Holding Companies Reports First Quarter 2018 Results

Recently Announced New Business Strategy Positively Impacting Results

WASHINGTON and RESTON, Va., May 16, 2018 (GLOBE NEWSWIRE) -- Comstock Holding Companies, Inc., (NASDAQ:CHCI), announced results for the three months ended March 31, 2018:

Highlights of First Quarter 2018, as compared to First Quarter 2017:

- | Revenue from asset management operations of \$2.8 million, a new revenue stream in 2018.
- | Revenue from real estate services increased 119% to \$0.5 million, compared to \$0.2 million.
- | G&A expense decreased 71% to \$0.4 million, compared to \$1.2 million.
- | Net loss attributable to common stockholders of (\$0.7) million, or (\$0.21) per diluted share, including impairment charges of \$0.6 million, as compared to net income attributable to common stockholders of \$0.3 million, or \$0.08 per diluted share, including gain on extinguishment of Series B Preferred Stock of \$1.0 million,
- | Total revenue of \$8.8 million, as compared to \$10.3 million.
- | Commenced development of a 318 unit transit-oriented, mixed use (residential & retail) project within the Loudoun Station development in Ashburn, Virginia,
- | Commenced development of an approximately 185,000 square foot transit-oriented, mixed use (office & retail) building within the Reston Station development in Reston, Virginia,
- | Continued winding down for-sale homebuilding operations on par with previously announced expectations that this process will be substantially completed by year-end 2018.
- | Average new home delivery price increased 72% to \$0.7 million from 8 home deliveries, as compared to \$0.4 million, on 25 home deliveries.
- | Homebuilding backlog represents forward revenue of \$22.0 million on 31 home sales as compared to \$24 million on 44 units,

Highlights of Comstock's recently announced plan to transform its business strategy and focus:

On April 2, 2018, the Company announced it was transitioning its business strategy and operating platform from for-sale homebuilding to commercial development, asset management and real estate services. Anchoring the transition is a long-term asset management agreement entered into by CDS Asset Management, LC, a wholly owned subsidiary of CHCI, and privately held entities that own multiple mixed-use developments and stabilized assets in the Washington DC area. The assets under management ("AUM") represent an estimated AUM value of \$2.5 Billion to \$3.0 Billion upon build out.

Ownership of the portfolio of assets covered by the initial asset management agreement includes the Company's Chairman/CEO and largest individual shareholder, Christopher Clemente, a prominent high net worth family office, and Daito Trust Construction, Ltd., one of the largest publicly traded Japanese developers and managers of multi-family assets.

For the three-month period ended March 31, 2018, the asset management segment generated \$0.3 million of income for the Company.

"I am pleased to report that the recently announced transformation of our operating platform is going well," said Christopher Clemente, Chairman and Chief Executive Officer of CHCI. "Having completed the integration of previously separate operating platforms, and added additional strategic management talent, Comstock is making progress on all elements of our new strategy. Our wholly owned subsidiary, CDS Asset Management, LC has assumed operational control of multiple completed and stabilized assets, commenced development of two new transit-oriented, mixed-use projects under the initial long-term asset management agreement, and identified additional asset management opportunities. Additionally, Comstock Real Estate Services, LC has made strategic operational enhancements designed to provide opportunity for additional growth while continuing to advance revenue enhancing initiatives. As we complete the majority of our for-sale homebuilding projects during the next three quarters, we will be focusing our resources on advancing various strategic initiatives designed to expand revenue generated through development and management of assets under management (AUM) while also seeking to expand our fee-for-service based businesses."

The Company's latest investor relations presentation describing the strategic vision of the Company can be found at www.ComstockCompanies.com.

About Comstock Holding Companies, Inc.

CHCI is a multi-faceted real estate development, asset management and real estate related services company that, since 1985, has designed, developed, constructed and managed several thousand residential units and millions of square feet of residential and mixed-use projects throughout the Washington, DC metropolitan market and in other key markets in the southeastern United States. In early 2018, CHCI transitioned its operating platform from being primarily focused on developing on-balance sheet, for-sale, homebuilding projects to being focused on commercial real estate development, asset management and real estate related services. As a result, CHCI began operating through two real estate focused platforms, CDS Asset Management ("CAM") and Comstock Real Estate Services ("CRES"). CAM provides real estate development, asset management, and property management services, while CRES provides development supply chain services, including capital markets, real estate brokerage, environmental consulting and design services in the Washington, DC metropolitan area and in New Jersey and Pennsylvania. Anchoring the transition of CHCI is a long-term asset management agreement covering two of the largest transit-oriented, mixed-use developments in the Washington, DC area; Reston Station, a 3 million square foot transit-oriented, mixed-use development located in Reston, VA, and Loudoun Station, a 2.5 million square foot transit-oriented, mixed-use development in Ashburn, VA, as well as other additional development assets. Comstock's substantial experience in entitling, designing, developing, and managing a diverse range of properties including apartments, single-family homes, townhomes, mid-rise condominiums, high-rise condominiums and mixed-use (residential and commercial) properties, as well as large scale commercial parking garages and infrastructure projects, has positioned the Comstock organization as a premier developer and real estate related service provider in the mid-Atlantic Region. The Company is a publicly traded company, trading on NASDAQ under the symbol CHCI. For more information about CHCI or its businesses, please visit www.ComstockCompanies.com.

About Reston Station

Strategically located mid-way between Tysons Corner and Dulles International Airport, Reston Station is among the largest mixed-use, transit-oriented developments in the Washington, DC area. Located at the terminus of Phase I of Metro's Silver Line, Reston Station is already home to more than 1,000 residents, numerous businesses, multiple retail establishments, and several restaurants. With more than 1 million square feet of completed and stabilized buildings, more than 2 million square feet of additional development in various stages of entitlement, development and construction, and a 3,500-space underground parking garage and transit facility adjacent to the Wiehle Reston-East Metro Station, the Reston Station neighborhood is taking shape and quickly becoming Fairfax County's urban focal point in the Dulles Corridor. For more information about Reston Station, please visit; www.RestonStation.com.

About Loudoun Station

Located at the terminus station on Metro's Silver Line, minutes from Dulles International Airport, Loudoun Station represents Loudoun County's first (and currently its only) Metro-connected development. Loudoun Station has approximately 700,000 square feet of mixed-use development completed, including hundreds of rental apartments, approximately 150,000 square feet of retail, restaurants, and entertainment venues, 50,000 square feet of Class-A office, and a 1,500-space commuter parking garage. More than 2 million square feet of additional development is slated for Loudoun Station. Located adjacent to Metro's Ashburn Station, the Loudoun Station neighborhood represents Loudoun County's beginning transformation into a transit connected community with direct connectivity to Dulles International Airport, Reston, Tysons Corner and downtown Washington, DC. As Loudoun County's only transit connected neighborhood, Loudoun Station has become the new downtown of Loudoun County in the Dulles Corridor. For more information about Loudoun Station, please visit; www.LoudounStation.com.

Comstock New Home Communities Currently Open

Comstock, having significantly reduced its focus on on-balance sheet development of new home communities is working through its remaining inventory of building lots to maximize revenue from all sources as it transitions away from the capital intensive for-sale homebuilding business toward commercial development, asset management and real estate services. Currently the Company has 6 remaining communities open for sale in Virginia, Maryland, and Washington, D.C., including townhomes and single-family homes priced from the high \$370s to the \$900s. For further details, see the attached Pipeline Report as of March 31, 2018, the Form 10-Q filed by the Company on May 16, 2018 or visit www.ComstockHolding.com.

Cautionary Statement Regarding Forward-Looking Statements

This release includes "forward-looking" statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by use of words such as "anticipate," "believe," "estimate," "may," "intend," "expect," "will," "should," "seeks" or other similar expressions. Forward-looking statements are based largely on our expectations and involve inherent risks and uncertainties, many of which are beyond our control. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. Some factors which may affect the accuracy of the forward-looking statements apply generally to the real estate

industry, while other factors apply directly to us. Any number of important factors which could cause actual results to differ materially from those in the forward-looking statements include, without limitation: completion of Comstock's financial accounting and review procedures; general economic and market conditions, including interest rate levels; our ability to service our debt; inherent risks in investment in real estate; our ability to compete in the markets in which we operate; economic risks in the markets in which we operate, including actions related to government spending; delays in governmental approvals and/or land development activity at our projects; regulatory actions; fluctuations in operating results; our anticipated growth strategies; shortages and increased costs of labor or building materials; the availability and cost of land in desirable areas; adverse weather conditions or natural disasters; our ability to raise debt and equity capital and grow our operations on a profitable basis; the reliance of substantially all of our revenues derived from our provision of management services to a limited number of companies; the Asset Management Agreement and other agreements with clients are subject to termination; and our continuing relationships with affiliates. Additional information concerning these and other important risk and uncertainties can be found under the heading "Risk Factors" in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, for the fiscal year ended December 31, 2017. Our actual results could differ materially from these projected or suggested by the forward-looking statements. Comstock claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements contained herein. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Company:

Comstock Holding Companies, Inc.
Christopher Conover, 703-230-1985
Chief Financial Officer

Source: Comstock Holding Companies, Inc.

**COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)**

	March 31, 2018	December 31, 2017
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 987	\$ 1,806
Restricted cash	1,212	1,141
Trade receivables	634	491
Trade receivables - related party	3,976	145
Real estate inventories	43,010	44,711
Fixed assets, net	299	309
Goodwill and intangibles	1,922	1,939
Other assets, net	1,258	616
TOTAL ASSETS	\$ 53,298	\$ 51,158
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 8,486	\$ 9,116
Deferred revenue	3,192	-
Notes payable - secured by real estate inventories, net of deferred financing charges	22,890	23,215
Notes payable - due to affiliates, unsecured, net of discount and deferred financing charges	15,346	14,893
Notes payable - unsecured, net of deferred financing charges	1,220	1,285
Income taxes payable	45	39
TOTAL LIABILITIES	51,179	48,548

Commitments and contingencies (Note 13)

STOCKHOLDERS' EQUITY (DEFICIT)

Series C preferred stock \$0.01 par value, 3,000,000 shares authorized, 579,158

shares issued and liquidation preference of \$2,896 at March 31, 2018 and

December 31, 2017, respectively

\$ 442 \$ 442

Class A common stock, \$0.01 par value, 11,038,071 shares authorized, 3,374,461

and 3,295,518 issued, and outstanding, respectively

34 33

Class B common stock, \$0.01 par value, 220,250 shares authorized, issued,

2 2

and outstanding, respectively

Additional paid-in capital

177,747 177,612

Treasury stock, at cost (85,570 shares Class A common stock)

(2,662) (2,662)

Accumulated deficit

(190,526) (189,803)

TOTAL COMSTOCK HOLDING COMPANIES, INC. DEFICIT
(14,963) (14,376)

Non-controlling interests

17,082 16,986

TOTAL EQUITY
2,119 2,610
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY
\$ 53,298 \$ 51,158

COMSTOCK HOLDING COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
 (Amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
Revenues		
Revenue—homebuilding	\$ 5,561	\$ 10,064
Revenue—asset management	2,791	-
Revenue—real estate services	447	204
Total revenue	<u>8,799</u>	<u>10,268</u>
Expenses		
Cost of sales—homebuilding	5,495	9,101
Cost of sales—asset management	2,541	-
Cost of sales—real estate services	177	224
Impairment charges	558	-
Sales and marketing	219	381
General and administrative	360	1,246
Interest and real estate taxes	85	-
Operating loss	<u>(636)</u>	<u>(684)</u>
Other income, net	14	20
Loss before income tax expense	<u>(622)</u>	<u>(664)</u>
Income tax expense	(6)	-
Net loss	<u>(628)</u>	<u>(664)</u>
Net income (loss) attributable to non-controlling interests	95	(17)
Net loss attributable to Comstock Holding Companies, Inc.	<u>(723)</u>	<u>(647)</u>
Paid-in-kind dividends on Series B Preferred Stock	-	78
Extinguishment of Series B Preferred Stock	-	(1,011)
Net loss attributable to common stockholders	<u>\$ (723)</u>	<u>\$ 286</u>
Basic net (loss) income per share	\$ (0.21)	\$ 0.09

Diluted net (loss) income per share	\$	(0.21)	\$	0.08
Basic weighted average shares outstanding		3,448		3,343
Diluted weighted average shares outstanding		3,448		3,373

Pipeline Report as of March 31, 2018

Project	State	Product Type (1)	Estimated Units at Completion	Units Settled	Backlog (8)	Units Owned Unsold	Units Under Control (2)	Total Units Owned, Unsettled and Under Control	Average New Order Revenue Per Unit to Date
City Homes at the Hampshires	DC	SF	38	38	-	-	-	-	\$ 747
Townes at the Hampshires (3)	DC	TH	73	73	-	-	-	-	\$ 551
Estates at Falls Grove	VA	SF	19	19	-	-	-	-	\$ 545
Townes at Falls Grove	VA	TH	110	110	-	-	-	-	\$ 304
Townes at Shady Grove Metro	MD	TH	36	27	-	9	-	9	\$ 583
Townes at Shady Grove Metro (4)	MD	SF	3	3	-	-	-	-	\$ -
Momentum Shady Grove Metro (5)	MD	Condo	110	-	-	110	-	110	\$ -
Estates at Emerald Farms	MD	SF	84	84	-	-	-	-	\$ 426
Townes at Maxwell Square	MD	TH	45	45	-	-	-	-	\$ 421
Townes at Hallcrest	VA	TH	42	42	-	-	-	-	\$ 465
Estates at Leeland	VA	SF	24	13	-	11	-	11	\$ 451
Villas Preserve at Two Rivers 28'	MD	TH	6	6	-	-	-	-	\$ 458
Villas Preserve at Two Rivers 32'	MD	TH	10	10	-	-	-	-	\$ 504
Marrwood East (7)	VA	SF	35	23	9	3	-	12	\$ 644
Townes at Totten Mews (6)	DC	TH	40	12	11	17	-	28	\$ 577
The Towns at 1333	VA	TH	18	6	3	9	-	12	\$ 920
The Woods at Spring Ridge	MD	SF	21	3	7	11	-	18	\$ 691
Solomons Choice	MD	SF	56	-	-	56	-	56	\$ 621
Townes at Richmond Station	VA	TH	104	-	-	104	-	104	\$ -
Condominiums at Richmond Station	VA	MF	54	-	-	54	-	54	\$ -
Total			928	514	30	384	-	414	

(1) "SF" means single family home, "TH" means townhouse, "Condo" means condominium, "MF" means multi-family.

- (2) Under land option purchase contract, not owned.
- (3) 3 of these units are subject to statutory affordable dwelling unit program.
- (4) Units are subject to statutory moderately priced dwelling unit program; not considered a separate community.
- (5) 16 of these units are subject to statutory moderately priced dwelling unit program.
- (6) 5 of these units are subject to statutory affordable dwelling unit program.
- (7) 1 of these units is subject to statutory affordable dwelling unit program.
- (8) "Backlog" means we have an executed order with a buyer but the settlement did not occur prior to report date.

 [Primary Logo](#)

Source: Comstock Holding Companies, Inc.

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